



# United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.

Washington, D.C. 20240

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### TECHNICAL BULLETIN

To: Regional Concession Chiefs

From: Chief, Commercial Services Program

Subject: Technical Bulletin: 2014 Convenience Store Markup Percentages

This memorandum provides updated industry statistics for use when applying the markup rate method for concessioner convenience items that do not have a Manufacturer's Suggested Retail Price (MSRP). These percentages supersede previous years' markup percentages.

#### Convenience Items

In accordance with the 2010 Concession Management Rate Administration Guide, markup is the preferred rate method for convenience items that do not have a MSRP. This rate approval method uses industry gross margins by product category obtained through a nationally recognized source, the National Association of Convenience Stores (NACS). Each year, the NACS publishes a State of the Industry (SOI) Annual Report that includes gross margin percentages by product category that is then used to determine the mark-up percentages for 2014. The use of this source ensures comparability with the private sector.

The NACS convenience item mark-up percentages are provided in Attachment 1 along with a description of how to apply these percentages and an example. Concessioners and NPS staff should agree on a reasonable implementation period to establish updated rates based on this data. The agreement should be documented in the park's concession files with a copy provided to the concessioner.

Attachment 2 to this memorandum provides the NACS Category Definitions for merchandise and foodservice. This detail is provided to assist parks in identifying the appropriate product categories for the convenience items being sold. The concessioner and park should consistently apply and document the categories used to ensure a consistent, accurate and efficient rate request and approval process. If concessioners are selling convenience items that do not logically fit into the identified categories/subcategories, concession specialists should contact their regional office for guidance.

**Merchandise Items**

The Competitive Market Declaration (CMD) rate method is the preferred method for pricing all *merchandise items* that do not have a MSRP. Mark-up should not be used for these products unless they do not meet the criteria to use CMD. Application of this rate method should be in accordance with the 2010 Concession Management Rate Administration Guide.

**Standards, Evaluation and Rate Approval (SERA) Project**

The Commercial Services Program is re-engaging the SERA project which will include a comprehensive review of the rate administration program. This effort may result in potential changes in the above policies and procedures in the future.

**Distribution and Questions**

Please distribute this memo to concession specialists and other appropriate personnel within your region.

If you have any questions regarding these convenience item and merchandise rate methods, you may contact Lora Uhlman, Concession Management Specialist, at 303/987-6903 or [Lora\\_Uhlman@nps.gov](mailto:Lora_Uhlman@nps.gov).

Attachment 1 - Markup Method (For Convenience Items)

Attachment 2 - NACS Category Definitions and Numbering Guide – Version 6.0

# **ATTACHMENT 1**

## **MARKUP METHOD (FOR CONVENIENCE ITEMS)**

The widely accepted method of pricing retail convenience items is to apply a markup to product costs. This method of rate approval should only be used for retail *convenience items* and not for service-related items for which quality or amenities are factored into rates.

This rate approval method uses industry gross margins by product category obtained through a nationally recognized source, i.e., the State of the Industry (SOI) Annual Report published by the National Association of Convenience Stores (NACS). The use of this source ensures comparability with the private sector. Minor variances from the published report may be allowed under certain circumstances, which require approval on a case-by-case basis by the park superintendent.

Exhibit 1 below depicts industry gross margins by product category in the NACS State of the Industry 2010 Annual Report and the resultant markup percentages. Only these markup percentages should be used by the concessioner when preparing rate requests and by the NPS when reviewing requests. Concessioners should be given copies of the updated markup percentages quickly so they can use them to prepare their 2014 rates.

When using the Markup method to determine the maximum selling price, the following formula should be used:

$$\text{Total Cost} \times (1 + \text{markup percentage}) = \text{selling price}$$

For example, if the concessioners' cost for cough medicine is \$4.50, you would refer to the attached Markup table, identify that the markup percentage for health and beauty care is 106%, and use these numbers to identify the selling price:

$$\$4.50 \times (1 + 1.06) = \$9.27$$

Rounding is acceptable and common. The concessioner may propose to sell the cough medicine for \$9.25.

<b>Retail Price</b>	<b>Round to Nearest</b>
Below \$9.99	\$0.25
\$10 to \$49.99	\$0.50
\$50 and Over	\$1.00

Also permitted will be traditional consumer retail pricing techniques which creates prices ending in forty nine cent (\$0.49) and ninety-nine cents (\$0.99), whichever is closest and most appropriate using the above standards.

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**Exhibit 1 - Markup percentages to be used for 2014**

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<b>Category<sup>(1)</sup></b>	<b>Markup Percentage<sup>(2)</sup></b>
Cigarettes	17%
Other Tobacco	44%
Packaged Beverages(non alcoholic)	65%
Beer	23%
Wine	36%
Liquor	31%
Edible Grocery	73%
Non-edible Grocery	53%
Perishable Grocery	77%
Frozen Foods	66%
Packaged Ice Cream/ Novelties	85%
Candy	90%
Salty Snacks	62%
Packaged Sweet Snacks	50%
Alternative Snacks	71%
Fluid Milk Product	42%
Other Dairy and Deli	66%
Packaged Bread	40%
Health & Beauty Care	106%
General Merchandise	65%
Automotive Products	83%
Publications	27%
Ice	286%
<b>Food Service</b>	
Food Prepared On-Site	121%
Commissary/ Packaged Sandwiches	58%
Hot Dispensed Beverages	154%
Cold Dispensed Beverages	107%
Frozen Dispensed Beverages	111%

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*Source: NACS State of the Industry Annual Report 2012 Data*

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<sup>(1)</sup> A list of items under each category is provided in Attachment 2

<sup>(2)</sup> Markup Percentage is the percentage of total cost that is profit

## **ATTACHMENT 2**

### **NACS Category Definitions and Numbering Guide – Version 6.0**

Listed below are the mainline categories and sub-category descriptions. These categories should be used to pinpoint the appropriate category to be used by the concessioner when preparing rate requests for convenience items.

The National Association of Convenience Stores (NACS) Standard Category Numbering identified below utilizes a six position numeric field organized into three groups of two digits. The first two digits represent the major category identifier; the second two digits represent the sub-category identifier, and the last two digits do not figure into the NPS categories.

Parks and concessioners are not required to use the numbering system, but should document the specific category/sub-category used when selecting the markup percent as part of the concessioner's rate request and as part of the NPS approval for future reference and consistency

#### **Number Category Sub-category Descriptors**

##### **02-00-00 Cigarettes**

- 02-01-00 Premium
- 02-02-00 Branded Discount
- 02-03-00 Sub-generic/Private Label
- 02-04-00 Imports
- 02-05-00 Fourth Tier

##### **03-00-00 Other Tobacco**

- 03-01-00 Smokeless (Includes: chew, dip, snuff, moist)
- 03-02-00 Cigars
- 03-03-00 Papers
- 03-04-00 Pipes
- 03-05-00 Pipe/Cigarette Tobacco
- 03-06-00 Other Tobacco Products (Includes: scrap)

##### **04-00-00 Beer**

- 04-01-00 Super Premium (Includes: specialty beers)
- 04-02-00 Premium
- 04-03-00 Popular
- 04-04-00 Budget
- 04-05-00 Imports
- 04-06-00 Microbrews/Craft (Includes: regional breweries)
- 04-07-00 Malt Liquor
- 04-08-00 Non-alcoholic
- 04-09-00 Flavored Malt (Includes: hard cider, hard lemonade, malt-based coolers)

##### **05-00-00 Wine**

- 05-01-00 Table/Varietal Wine
- 05-02-00 Champagne/Sparkling Wine

05-03-00 Coolers/Wine Cocktails  
05-04-00 Fortified Wine (Includes: high alcohol content wine)

**06-00-00 Liquor**

06-01-00 Distilled Spirits  
06-02-00 Prepared Cocktails  
06-03-00 Cordials/Brandy/Cognac

**07-00-00 Packaged Beverages** (Non-alcoholic-Bottle deposits should be attributed to the category)

07-01-00 Carbonated Soft Drinks (Includes: Club soda, tonic water, mixes)  
07-02-00 Iced Tea (Ready-to-drink)  
07-03-00 Sports Drinks  
07-04-00 Juice/Juice Drinks (Includes: 100% juice, 100% fruit juice drinks, vegetable drinks, canned/juice box beverages)  
07-05-00 Bottled Water (Includes: flavored, carbonated, still, fortified waters, aquaceutical)  
07-06-00 Other Packaged Beverages (Non-alcoholic) (Includes: chocolate drinks, coffee drinks, diet supplements)  
07-07-00 Alternative (Includes: energy, nutraceuticals)

**08-00-00 Candy**

08-01-00 Gum  
08-02-00 Candy Rolls, Mints, Drops  
08-03-00 Chocolate Bars/Packs  
08-04-00 Non-chocolate Bars/Packs  
08-05-00 Bagged or Repacked Peg Candy  
08-06-00 Novelties/Seasonal (Includes: Valentine's Day, Halloween candy, packaged candy w/toy)  
08-07-00 Change Makers/Penny Counter Goods  
08-08-00 Bulk Candy

**09-00-00 Fluid Milk Products** Each sub-category contains single-serve and take-home SKUs

09-01-00 Whole Milk  
09-02-00 2% Milk  
09-03-00 1% Milk  
09-04-00 Skim/Non Fat Milk (Includes: 1/2% milk)  
09-05-00 Flavored Milk  
09-06-00 Cream/Creamer Products  
09-07-00 Other Ready-to-drink Fluid Milk Products (Includes: aseptic milk, lactose-free milk, soy-based products)

**10-00-00 Other Dairy & Deli Products**

10-01-00 Packaged Cheese  
10-02-00 Eggs  
10-03-00 Butter/Margarine  
10-04-00 Cottage/Cream Cheese/Sour Cream  
10-05-00 Yogurt  
10-06-00 Other Dairy (Includes: refrigerated dips, pudding, gelatin, cheese spreads)  
10-07-00 Packaged Luncheon Meat (Includes: sandwich meats, e.g., bologna, ham, turkey)  
10-08-00 Other Packaged Meats (Includes: hot dogs, bacon, and sausage)  
10-09-00 Lunch Packs are boxed lunches containing single servings of luncheon meat, cheese, bread/crackers, etc.

**11-00-00 Commissary & Other Packaged Products**

- 11-01-00 Sandwiches (Includes: Pre-packaged sandwiches/wraps)
- 11-05-00 Salads & Sides (Includes: packaged salads, pickles)
- 11-06-00 Thaw, Heat & Eat (Includes: burritos, pizza)
- 11-07-00 Meals Ready-to-Eat (Includes: soups, home meal replacement)

**12-00-00 Packaged Ice Cream/Novelties**

- 12-01-00 Premium Ice Cream
- 12-02-00 Ice Cream
- 12-03-00 Frozen Yogurt/Sherbet/Sorbet
- 12-04-00 Frozen Novelties

**13-00-00 Frozen Foods**

- 13-01-00 Frozen Dinners/Entrees/Meals
- 13-02-00 Frozen Pizza
- 13-03-00 Other Frozen Foods

**14-00-00 Packaged Bread** Packaged Bread (Includes: bread, buns, rolls, English muffins, bagels)**15-00-00 Salty Snacks**

- 15-01-00 Potato Chips (Includes: DSD and warehouse potato chips/potato crisp products packaged in bags, boxes or canisters)
- 15-02-00 Tortilla/Corn Chips
- 15-03-00 Pretzels
- 15-04-00 Nuts/Seeds
- 15-05-00 Packaged Ready-to-eat Popcorn (Includes: flavored popcorn, caramel corn)
- 15-06-00 Crackers
- 15-07-00 Other Salty Snacks (Includes: pork rinds)

**16-00-00 Packaged Sweet Snacks** Packaged Sweet Snacks (Includes: DSD baked items)

- 16-01-00 Snack Cakes/Pastries/Desserts (Includes: candied apples)
- 16-02-00 Muffins/Donuts
- 16-03-00 Cookies

**17-00-00 Alternative Snacks**

- 17-01-00 Meat Snacks
- 17-02-00 Granola/Fruit Snacks
- 17-03-00 Health/Energy Bars (Include: meal replacement, health, diet, energy, cereal, nutritional bars)
- 17-04-00 Other Alternative Snacks (Includes: rice cakes, trail mix, yogurt raisins, and chocolate/yogurt pretzels)

**18-00-00 Perishable Grocery** Perishable Groceries are bulk or random weight

- 18-01-00 Fruits
- 18-02-00 Vegetables
- 18-03-00 Service Deli Meats
- 18-04-00 Service Deli Cheese
- 18-05-00 Service Deli Salads
- 18-06-00 Other Service Deli

**19-00-00 Edible Grocery**

- 19-01-00 Packaged Coffee/Tea (Includes: coffee whitener)

19-02-00 Breakfast Cereal (Includes: single-serve items)  
19-03-00 Condiments  
19-04-00 Other Edible Grocery (Includes: canned/dry soup, canned fruit/vegetables, pasta, other boxed food items, non-refrigerated dips, DOES NOT INCLUDE CANNED/ASEPTIC JUICE)

#### **20-00-00 Non-edible Grocery**

20-01-00 Laundry Care (Includes: laundry detergent, fabric softener, dryer sheets)  
20-02-00 Dish Care (Includes: dish soap, automatic dishwashing detergent, dishwasher additives)  
20-03-00 Household Care (Includes: cleaners, freshener, insecticides)  
20-04-00 Paper/Plastic/Foil Products (Includes: paper towels, napkins, facial tissue, paper plates/cups, plastic cutlery, plastic bags/wraps)  
20-05-00 Pet Care (Includes: pet food, pet accessories)  
20-06-00 Other Non-edible Grocery

#### **21-00-00 Health & Beauty Care**

21-01-00 Analgesics  
21-02-00 Cough & Cold Remedies (Includes: cough drops)  
21-03-00 Stomach Remedies (Include: antacids)  
21-04-00 Vitamins/Supplements (Includes: herbal remedies)  
21-05-00 Other Internal OTC Medications (Includes: sleeping aids, stimulants)  
21-06-00 Grooming Aids (Includes: shampoo/hair care, oral care, deodorants, personal soap, shaving needs)  
21-07-00 Feminine Hygiene (Includes: tampons, pads)  
21-08-00 Family Planning (Includes: contraceptives, pregnancy kits)  
21-09-00 Baby Care (Includes: baby food/formula, diapers, wipes, ointments, etc.)  
21-10-00 Skin Care/Lotions/External Care (Includes: eye care, lip care, first aid, skin care)  
21-11-00 Cosmetics  
21-12-00 Other HBC

#### **22-00-00 General Merchandise**

22-02-00 Batteries  
22-03-00 Film/Photo  
22-04-00 School/Office Supplies  
22-05-00 Greeting/Gift/Novelties/Toys/ Recreational Equipment (Includes: Frisbees, tennis balls, fishing tackle)  
22-06-00 Trading Cards  
22-07-00 Wearables/Apparel (Includes: hosiery, gloves, caps, sunglasses)  
22-08-00 Smoking Accessories (Includes: pipe cleaners, lighters, lighter fluid, flints)  
22-09-00 Video/Audio Tapes  
22-10-00 Hardware/Tools/Housewares  
22-11-00 Floral  
22-12-00 Seasonal (Includes: softener salt, charcoal/logs, lawn & garden, ice chest)  
22-13-00 Other GM  
22-14-00 Telecommunications Hardware (Includes: cell phones, beepers, accessories)  
22-15-00 Propane Exchanges

#### **23-00-00 Publications**

23-01-00 Newspapers  
23-02-00 Magazines/Tabloids  
23-03-00 Adult Magazines  
23-04-00 Paperbacks/Books

23-05-00 Comics  
23-06-00 Traders  
23-07-00 Maps  
23-08-00 Other Publications (Includes: crossword puzzle publications, horoscope products, calorie counters, etc.)

**24-00-00 Automotive Products**

24-01-00 Motor Oil  
24-02-00 Anti-freeze/Coolants/Window Solvents  
24-03-00 Transmission/Brake Fluids  
24-04-00 Car Care (Includes: wax, cleaners, air fresheners, ice scrapers)  
24-05-00 Other Additives (Includes: engine treatments, gas treatments)

**28-00-00 Ice**

**29-00-00 Foodservice Prepared On-site**

29-01-00 Chicken 29-01-01, 29-01-02, 29-01-03  
29-02-00 Mexican 29-02-01, 29-02-02, 29-02-03  
29-03-00 Pizza 29-03-01, 29-03-02, 29-03-03  
29-04-00 Seafood 29-04-01, 29-04-02, 29-04-03  
29-05-00 Hot Dogs/Roller Grill Products 29-05-01, 29-05-02, 29-05-03  
29-06-00 Hamburgers 29-06-01, 29-06-02, 29-06-03  
29-07-00 Sandwiches/Wraps 29-07-01, 29-07-02, 29-07-03  
29-08-00 Frozen Treats 29-08-01, 29-08-02, 29-08-03  
29-09-00 Bakery 29-09-01, 29-09-02, 29-09-03  
29-10-00 Soup and Salad 29-10-01, 29-10-02, 29-10-03  
29-11-00 Other Cuisine 29-11-01, 29-11-02, 29-11-03

**30-00-00 Hot Dispensed Beverages**

30-01-00 Coffee  
30-02-00 Hot Tea  
30-03-00 Hot Chocolate  
30-04-00 Cappuccino/Specialty Coffee Drinks (Includes: Latte, DOES NOT INCLUDE ICED COFFEE)  
30-05-00 Refills  
30-06-00 Coffee Club Mugs (Includes: reusable hot beverage mugs/containers sold with hot beverage)  
30-07-00 Other Hot Dispensed Beverages (Includes: hot cider, etc.)

**31-00-00 Cold Dispensed Beverages**

31-01-00 Fountain–Carbonated  
31-02-00 Fountain–Non-carbonated (Includes: tea, lemonade, cold cider)  
31-03-00 Fountain–Sports Drinks  
31-04-00 Refills  
31-05-00 Fountain Club Mugs (Includes: reusable value-added cups sold with cold beverage)  
31-06-00 Other Cold Dispensed Beverages (Includes: iced coffee/iced cappuccino/iced latte)

**32-00-00 Frozen Dispensed Beverages**

32-01-00 Frozen Carbonated Beverages  
32-02-00 Frozen Non-Carbonated (Includes: slush, frozen cappuccino)